DEFENSE COMMISSARY AGENCY
HEADQUARTERS
FORT LEE, VIRGINIA 23801-6300

REPLY TO
ATTENTION OF

JUL

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MEMORANDUM FOR CONUS REGION DIRECTORS/COMMANDER

SUBJECT: Cigarette Merchandising Program

The Marketing Business Unit has revised the existing shelf allocation program for all stores in CONUS, including Alaska and Hawaii. Attached for your action is a set of new planograms related to the program (attachment 1).

To apply the planogram at store level, first determine the baseline footage requirement of branded and price value segments. Multiply the segment share by the total baseline footage allocated to the cigarette category. For example, if branded share is 35 percent and a store has 60 feet of baseline display, the branded segment would be 21 feet (.35 X 60'). The price value segment would be 39 feet, or the difference between branded baseline footage and total cigarette baseline footage.

To determine manufacturer space for each segment, multiply the manufacturer share figure by the total linear feet for the segment. Linear feet is equal to baseline feet times the number of display shelves in the cigarette fixture. An allocation worksheet for use in determining manufacturer space is included as attachment 2.

There are some additional requirements regarding both brand sequence and product mix which must be adhered to by all stores. The branded segment (featuring Philip Morris styles) must appear first in the normal customer shopping pattern; R J Reynolds price value brand styles must be merchandised at the start of the price value section. There are also some minimum brand style stockage requirements for Brown & Williamson products based on store class (attachment 3).

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The success of this program depends on each store following the provisions of the merchandising plan. Your usual cooperation is both essential and appreciated.

Thomas E. Milks

Thomas E. Milks
Vice President
Marketing Business Unit

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